United Nations E/CN.7/2001/8

Economic and Social Council

Distr.: General
13 November 2000

Original: English

Commission on Narcotic Drugs
Forty-fourth session
Vienna, 20-29 March 2001
Item 10 of the provisional agenda*
Administrative and budgetary questions

Proposed outline for 2002-2003 for the Fund of the United Nations International Drug Control Programme

Report of the Executive Director

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* E/CN.7/2001/1.

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Part one
Introduction

I. Executive summary

1. The outline for the Fund of the United Nations International Drug Control Programme (UNDCP) is presented in accordance with resolution 13 (XXXVI) of the Commission on Narcotic Drugs. The Commission at its forty-fourth session also has before it the revised biennial support and programme budget for the biennium 2000-2001 (E/CN.7/2001/9).

2. The outline total for the biennium 2002-2003 amounts to 198,254,600 United States dollars ($), as compared with the revised budget for 2000-2001 of $187,590,700 for the biennium 2000-2001. That reflects an increase of $10,663,900, or 5.6 per cent, consisting of a volume increase of 0.4 per cent and a cost increase of 5.2 per cent, as shown in table 1. The twentieth special session of the General Assembly, on countering the world drug problem together, held in June 1998, marked a turning point for UNDCP. The outline presents in particular the initiatives of the Executive Director to support Member States in meeting the goals and targets agreed upon at the twentieth special session within the projected financial scenario. The following priority areas receive special attention:

(a) The provision of assistance by UNDCP to States in achieving, in 10 years, the goal of eliminating or significantly reducing the illicit cultivation of opium poppy, the coca bush and the cannabis plant;

(b) The substantial expansion by UNDCP of its support for the efforts of Governments to prevent and reduce drug abuse;

(c) The provision of assistance by UNDCP to Governments in tackling the emerging problem of amphetamine-type stimulants, as well as increased assistance in the fields of precursor chemicals, money-laundering and judicial cooperation;

(d) The provision of assistance by UNDCP to the Commission in monitoring progress made towards the attainment of the objectives set by the General Assembly at its twentieth special session.

3. Table 2 presents the resource plan for the outline for 2002-2003, compared with the revised estimates for 2000-2001. The estimate of $206,071,900 in resources available in the outline for 2002-2003 reflects a decrease of $5,435,100, compared with the revised estimate of $211,507,000 for 2000-2001. That decrease is a combination of a reduction of $13,696,100 in the opening balance offset by a modest estimated increase in income of $8,261,000. Programme activities are expected to increase from $148,298,000 in 2000-2001 to $158,750,000 in 2002-2003, with most of the increase expected in the sector of the elimination of illicit crops. In that sector, an increase in major alternative development programmes is expected in Bolivia and Colombia, and a revival of such programmes, to the extent possible, appears likely in Afghanistan, Myanmar and Peru. In nominal terms, the support budget is expected to remain stable in 2002-2003, with cost increases contained by modest, offsetting, volume savings. Agency support is expected to be maintained at current levels. With a slightly expanded programme and a stable support budget, a programme-to-support ratio of 80:20 is planned for 2002-2003, as against a current ratio of 79:21 for 2000-2001, a 72:28 ratio for 1998-1999 and a 67:33 ratio for 1996-1997.

4. The proposed outline is supported by estimates of the financial situation for the period 2002-2003 shown in table 3. Income is estimated at $152,496,000 for 2002-2003, as compared with the estimate of $144,235,000 for 2000-2001. The fund balance is expected to decline from $53,575,900, as of 31 December 2001, to $40,367,300, as of 31 December 2003, a level considered appropriate for the operation of UNDCP, which is funded primarily from voluntary contributions with no capital base. A fund balance of approximately 33 per cent of income is therefore considered appropriate in maintaining cash flow. Increases in income are expected on the basis of positive results achieved during 1998-1999 and their continuation in 2000-2001. This may be attributed to the momentum created by the twentieth special session of the General Assembly and initiatives launched by the Executive Director. In response, it is anticipated

that funding will increase from the donor community and through new cost-sharing arrangements.

5. The outline contains two parts. First, as it is a financial planning tool, details are provided on the financial scenario for the outline period 2002-2003. Secondly, the purpose of the outline is to indicate programmatic priorities, not to present a detailed budget proposal. Thus, the information on resource allocation has been limited, and the description focuses on the new programme priorities in accordance with the subprogrammes of the medium-term plan for the period 2002-2005. The outline estimates for 2002-2003 are compared to actual amounts going back to 1992 in a set of four tables and four figures presented in annex I. Table A.2 (and figure A.I) shows the resources provided from the Fund of UNDCP and the regular budget of the United Nations. As indicated, approximately 90 per cent of the resources is provided by the Fund of UNDCP and the remaining 10 per cent is from the regular budget. Moreover, the table shows a marked turnaround from 1999 onwards, with the fund budget increasing significantly because of higher programme delivery. Table A.3 (and figure A.II) provides an overview of the income, expenditure and fund balance, including the outline period 2002-2003. The decline in income was significantly reversed in 1998, followed by a dramatic improvement in programme delivery, and hence expenditure, in 1999. Those improved levels are sustained in 2000-2001 and a reasonable increase is planned for 2002-2003. As a result, the fund balance continues to decline in a controlled manner to an appropriate level in 2003. Table A.4 (and figure A.III) presents a comparison between budget categories and clearly shows the improving programme-to-support ratios referred to above, with management and administration costs being contained between 5 and 6 per cent of total expenditure. Finally, table A.5 (and figure A.IV) provides a breakdown by programme sector, indicating recent increases, in particular, for prevention and reduction of drug abuse, as well as for suppression of illicit drug trafficking.

II. Draft resolution for adoption by the Commission on Narcotic Drugs

6. The following draft resolution, recommended to the Commission on Narcotic Drugs for adoption, summarizes the main issues contained in the present report.

Outline for the biennium 2002-2003 for the Fund of the United Nations International Drug Control Programme

The Commission on Narcotic Drugs,

Bearing in mind the administrative and financial functions entrusted to it by the General Assembly in its resolution 46/185 C, section XVI, paragraph 2, of 20 December 1991,

Having considered the report of the Executive Director of the United Nations International Drug Control Programme containing the proposed outline for the biennium 2002-2003 for the Fund of the United Nations International Drug Control Programme,[1]

Taking into consideration the report of the Advisory Committee on Administrative and Budgetary Questions on the proposed outline for 2002-2003 for the Fund,[2]

1. *Endorses* the programme and budget strategy for the biennium 2002-2003;

2. *Takes note* of the outline for the biennium 2002-2003, totalling 198,254,600 United States dollars, for the Fund of the United Nations International Drug Control Programme, in the following areas:

	United States dollars
Programme	158,750,000
Programme support	30,854,600
Management and administration	8,650,000
Total	198,254,600

3. *Considers* that the proposed outline provides a basis for the submission of the proposed initial budget for the biennium 2002-2003 by the Executive Director of the United Nations International Drug Control Programme.

[1] E/CN.7/2001/8.
[2] E/CN.7/2001/10.

Table 1
Outline for the biennium 2002-2003 and revised estimates for 2000-2001
(Thousands of United States dollars)

	Fund of UNDCP					
	2000-2001	*Changes*				*2002-2003*
Item	*Proposed revised budget*	*Cost Inc/(dec)*	*%*	*Volume Inc/(dec)*	*%*	*Outline*
A. Programme activities by sector						
Policy support, legislation and advocacy	21 584.3	1 079.2	5.0	(2 779.2)	-12.9	19 884.3
Prevention and reduction of drug abuse	39 221.9	2 353.3	6.0	946.8	2.4	42 522.0
Elimination of illicit crops	37 823.2	2 269.4	6.0	4 320.4	11.4	44 413.0
Suppression of illicit drug trafficking	49 668.6	2 483.4	5.0	(221.3)	-0.4	51 930.7
Total, A	**148 298.0**	**8 185.3**	**5.5**	**2 266.7**	**1.5**	**158 750.0**
B. Programme support	30 533.5	1 221.3	4.0	(900.2)	-2.9	30 854.6
C. Management and administration	8 759.2	438.0	5.0	(547.2)	-6.2	8 650.0
Total, B and C	**39 292.7**	**1 659.3**	**4.2**	**(1 447.4)**	**-3.7**	**39 504.6**
Grand total	**187 590.7**	**9 844.6**	**5.2**	**819.3**	**0.4**	**198 254.6**

Table 2

Resource plan, 2002-2003

(Thousands of United States dollars)

Item		Regular budget	Fund of UNDCP							
			2000-2001 revised				2002-2003 initial estimates			
		2000-2001 approved	General-purpose	Special-purpose	Total Amount	Total %	General-purpose	Special-purpose	Total Amount	Total %
I. Resources available										
A. Opening balance			20 866.6	46 405.4	67 272.0	31.8	7 788.6	45 787.3	53 575.9	26.0
B. Income			30 311.0	113 924.0	144 235.0	68.2	33 440.0	119 056.0	152 496.0	74.0
	Total I	--	**51 177.6**	**160 329.4**	**211 507.0**	**100.0**	**41 228.6**	**164 843.3**	**206 071.9**	**100.0**
II. Use of resources										
A. Programme activities		12 200.3	18 818.6	129 479.4	148 298.0	79.1	13 500.0	145 250.0	158 750.0	80.1
B. Programme support activities										
Field level			14 104.6	5 593.4	19 698.0	10.5	13 626.7	6 173.3	19 800.0	10.0
Headquarters			4 918.2	1 864.4	6 782.6	3.6	4 734.7	2 057.8	6 792.5	3.4
Agencies			528.1	3 524.8	4 052.9	2.2	435.0	3 827.1	4 262.1	2.1
	Total, B	--	**19 550.9**	**10 982.6**	**30 533.5**	**16.3**	**18 796.4**	**12 058.2**	**30 854.6**	**15.6**
C. Management and administration		3 219.7	8 759.2	--	8 759.2	4.7	8 650.0	--	8 650.0	4.4
	Total II	**15 420.0**	**47 128.7**	**140 462.0**	**187 590.7**	**100.0**	**40 946.4**	**157 308.2**	**198 254.6**	**100.0**
III. Reconciliation										
Total II (use of resources)		15 420.0	47 128.7	140 462.0	187 590.7	100.0	40 946.4	157 308.2	198 254.6	**100.0**
Less: Programmes		12 200.3	18 818.6	129 479.4	148 298.0	79.1	13 500.0	145 250.0	158 750.0	**80.1**
Agencies		--	528.1	3 524.8	4 052.9	2.2	435.0	3 827.1	4 262.1	**2.1**
Biennial support budget	**Total III**	**3 219.7**	**27 782.0**	**7 457.8**	**35 239.8**	**18.8**	**27 011.4**	**8 231.1**	**35 242.5**	**17.8**

Table 3

Financial summary, 2000-2001 and 2002-2003

(Thousands of United States dollars)

	2000-2001			2002-2003			Increase/(decrease): 2002-2003/2000-2001					
							General purpose		Special purpose		Total	
	General purpose amount	Special purpose amount	Total	General purpose amount	Special purpose amount	Total	Amount	%	Amount	%	Amount	%
I. Funding												
A. Fund balances as at 1 January	20 866.6	46 405.4	67 272.0	7 788.6	45 787.3	53 575.9	(13 078.0)	(62.7)	(618.1)	(1.3)	(13 696.1)	(20.4)
B. Income												
Contributions	25 411.0	86 039.0	111 450.0	29 940.0	87 760.0	117 700.0	4 529.0	17.8	1 721.0	2.0	6 250.0	5.6
Cost-sharing	--	23 088.0	23 088.0	--	26 896.0	26 896.0	--	--	3 808.0	16.5	3 808.0	16.5
Public donations	--	0	997.0	--	1 200.0	1 200.0	--	--	203.0	20.4	203.0	20.4
Interest	4 700.0	3 800.0	8 500.0	3 300.0	3 200.0	6 500.0	(1 400.0)	(29.8)	(600.0)	(15.8)	(2 000.0)	(23.5)
Miscellaneous	200.0	--	200.0	200.0	--	200.0	--	--	--	--	--	--
Total, B	30 311.0	113 924.0	144 235.0	33 440.0	119 056.0	152 496.0	3 129.0	10.3	5 132.0	4.5	8 261.0	5.7
Total I	**51 177.6**	**160 329.4**	**211 507.0**	**41 228.6**	**164 843.3**	**206 071.9**	**(9 949.0)**	**(19.4)**	**4 513.9**	**2.8**	**(5 435.1)**	**(2.6)**
II. Expenditure												
A. Programmes	15 078.9	103 559.5	118 638.4	10 000.0	116 200.0	126 200.0	(5 078.9)	(33.7)	12 640.5	12.2	7 561.6	6.4
B. Agencies	528.1	3 524.8	4 052.9	435.0	3 827.1	4 262.1	(93.1)	(17.6)	302.3	8.6	209.2	5.2
C. Biennial support budget	27 782.0	7 457.8	35 239.8	27 011.4	8 231.1	35 242.5	(770.6)	(2.8)	773.3	10.4	2.7	--
Total II	**43 389.0**	**114 542.1**	**157 931.1**	**37 446.4**	**128 258.2**	**165 704.6**	**(5 942.6)**	**(13.7)**	**13 716.1**	**12.0**	**7 773.5**	**4.9**
III. Fund balances as at 31 December (I-II)	**7 788.6**	**45 787.3**	**53 575.9**	**3 782.2**	**36 585.1**	**40 367.3**	**(4 006.4)**	**(51.4)**	**(9 202.2)**	**(20.1)**	**(13 208.6)**	**(24.7)**
IV. Operational reserve	**12 000.0**	**--**	**12 000.0**	**12 000.0**	**--**	**12 000.0**	--		--		--	

E/CN.7/2001/8

Part two
Financial situation of the Fund of the United Nations International Drug Control Programme

III. Overview

7. As shown in table 3, income is estimated to increase by 5.7 per cent in 2002-2003 over 2000-2001, with most of the increase targeted from a broader donor base and aimed at improving general-purpose income. Programme expenditures are estimated at 80 per cent of the amount planned and show an increased delivery of 6.4 per cent over 2000-2001. On the other hand, support expenditures are planned to be stable in absolute terms. As a result, the current decline in the general-purpose fund balance can be controlled, with a balance of $4 million to $5 million being maintained to sustain the necessary cash flow. The special-purpose fund balance is also planned at about 33 per cent of special-purpose income in order to fund ongoing operations. The operational reserve is maintained at the level of $12,000,000 to ensure the financial integrity and viability of UNDCP.

IV. Income

8. Total income is estimated at $152,496,000 for 2002-2003, reflecting an increase of $8,261,000, or 5.7 per cent, compared with the revised estimate of $144,235,000 for 2000-2001. Actual income for 1998-1999 amounted to $141,891,300. As of 1 October 2000, firm indications existed for approximately 10 per cent of the estimated income for 2002-2003.

9. *Contributions*. Contributions are estimated at $117,700,000 for 2002-2003, reflecting an increase of $6,250,000, or 5.6 per cent, compared with the revised estimate of $111,450,000 for 2000-2001. Actual contributions for 1998-1999 amounted to $119,637,200. For 2002-2003, general-purpose contributions are estimated at $29,940,000, representing an increase of $4,529,000, or 17.8 per cent; special-purpose contributions are estimated at $87,760,000, representing an increase of $1,721,000, or 2 per cent. The general-purpose increase is planned, first, to be obtained by increasing the donor base to middle-income countries that appear to have the potential to provide additional contributions, mainly including about 15 Member States that are recipients of UNDCP programmes. Secondly, some of the other traditional donors will be called upon to increase their general-purpose contributions to achieve a better balance between their general- and special-purpose contributions, drawing on additional resources such as those provided by asset forfeitures, where available. The level of special-purpose income is also expected to increase slightly by 2 per cent, reflecting increased commitments likely for the business plans of Bolivia and Colombia. The planned increase is therefore modest and in keeping with funding experience, essentially characterized by donors restricting commitments to a one-year period, which limits the predictability of future income scenarios.

10. *Cost-sharing contribution*. Cost-sharing contributions are estimated at $26,896,000 for 2002-2003, reflecting an increase of $3,808,000, or 16.5 per cent, compared with the revised estimate of $23,088,000 for 2000-2001. Actual cost-sharing contributions for 1998-1999 amounted to $11,123,000. As elaborated in the revised biennial budget for 2000-2001 (E/CN.7/2001/9), the substantial increase in cost-sharing contributions is achieved by emphasizing a new type of project arrangement for Latin America that includes major cost-sharing contributions. The largest contributions will come from Brazil ($45 million over a five-year period), Colombia ($500,000), Bolivia ($383,000) and the United States Agency for International Development (USAID) ($2 million).

11. *Public donations*. Public donations are estimated at $1,200,000 for 2002-2003, reflecting an increase of $203,000, or 20.4 per cent, compared with the revised estimates for 2000-2001. Public donations for 1998-1999 amounted to $1,913,000. The Drug Abuse Prevention Centre, a Japanese non-governmental organization, is expected to donate $1,000,000. Support from the Centre is raised through its annual campaigns, which not only result in substantial funding for UNDCP, but also increase public awareness in Japan of the dangers of drug abuse. The

balance of $200,000 relates primarily to estimated contributions from other non-governmental organizations.

12. *Interest income*. Interest income is estimated at $6,500,000 for 2002-2003, reflecting a decrease of $2,000,000, or 23.5 per cent, compared with the revised estimate of $8,500,000 for 2000-2001. Actual interest earned for 1998-1999 amounted to $9,072,000. The decline in interest income is clearly linked to the declining fund balances. Since the general-purpose fund balance will decline faster than the special-purpose fund balance, it is estimated that the share of general-purpose interest income will fall by 29.8 per cent from $4.7 million in 2000-2001 to $3.3 million in 2002-2003, making it imperative to raise the level of general-purpose contributions as described above. Interest income is received from temporary surpluses and operating reserves invested by the Treasury of the United Nations, taking into account the cash-flow requirements of UNDCP. Interest income is determined by the interest rates on call accounts in United States dollars and short-term deposits and the cash balance maintained by UNDCP. Interest derived from special-purpose contributions is identified separately for the fund balance of each contribution. In the event that donor funding arrangements stipulate that the interest should be credited to a project, the income is classified as special-purpose interest. Whenever interest income is available to UNDCP without restriction, the income is shown as general-purpose funds.

V. Programme support charges

13. Programme support charges are estimated at $16,014,600 for 2002-2003, reflecting an increase of $892,200, or 5.9 per cent, compared with the revised estimates of $15,122,400 for 2000-2001. Programme support charges for 1998-1999 amounted to $10,244,010. Those charges are levied on project expenditures to secure the funding of technical and administrative backstopping activities. As of 1 January 1997, UNDCP applies a standard rate of 13 per cent for programme support charges, shared, as appropriate, between UNDCP and partner agencies. For national execution, a charge of 5 per cent has been introduced. A detailed breakdown of programme support charges and rates for agencies and UNDCP is shown in table A.1 of annex I.

14. The increase in programme support charges of $892,200 is the result of higher estimated programme expenditure for 2002-2003, compared with 2000-2001. As shown in table A.1 of annex I, and as compared with programme expenditure, including national execution, the overall programme support rate is estimated at 10.2 per cent, with 7.5 per cent retained by UNDCP and 2.7 per cent provided to associated agencies. UNDCP programme support on activities funded from general-purpose resources amount to $1,463,700 and is retained under the general-purpose fund. Programme support earned by UNDCP on activities funded from special-purpose contributions amounts to $10,288,800 and is applied to the cost of the biennial support budget as shown in table 2.

Part three
Proposed outline for the biennium 2002-2003

VI. Overview

15. UNDCP has been called upon to assist Member States in attaining the objectives set by the General Assembly at its twentieth special session. The new programme priorities are consistent with the general mandate of the Fund of UNDCP, and include assisting Governments in countering drug abuse, illicit cultivation and production and trafficking of illicit drugs. Technical advice and assistance is provided in support of national efforts towards a balanced approach in drug control, targeting illicit demand and supply, and to assist Governments in acceding to and implementing the international drug control conventions. Needs and opportunities for multilateral cooperation in drug control at the regional and subregional levels will continue to be identified and coordination arrangements promoted through advocacy and technical support. UNDCP will further develop its competence in drug control, including high-quality technical cooperation activities. It will provide leadership for the United Nations common system, ensuring active and coordinated participation in the implementation of the strategy.

16. The proposed outline for 2002-2003 presents the new priorities within the projected financial scenario. The outline amounts to $198,254,600, as compared with the revised budget for 2000-2001 of $187,590,700, reflecting an increase of $10,663,900, or 5.6 per cent. This total increase includes a volume increase of $819,300, or 0.4 per cent in real terms, and re-costing increases of $9,844,700, or 5.2 per cent. The outline amount of $198,254,600 for 2002-2003 is allocated in accordance with the categories identified in the harmonized budget model, distinguishing between programme, programme support and administration and management. The increases in the outline are essentially allocated to programme activities that reflect a volume increase of 1.5 per cent in real terms and a cost increase of 5.5 per cent. The infrastructure, including programme support as well as administration and management, remains stable since a volume decrease of 3.7 per cent is offset by a cost increase of 4.2 per cent. As outlined in the revised biennial support budget, investment in infrastructure during 2000-2001 ensures that programme delivery can be increased during 2002-2003. In addition to the Fund of UNDCP, resources are also provided from the regular budget of the United Nations, amounting to $15,420,000 in 2000-2001, an amount that is not expected to grow in real terms in 2002-2003. Regular budget activities are not covered in the current outline.

VII. Programme

17. The outline programme allocation amounts to $158,750,000, reflecting a volume increase of 1.5 per cent and a cost increase of 5.5 per cent in 2000-2001. The outline programme is described in accordance with the sectoral presentation utilized for the medium-term plan of the United Nations for international drug control. For the biennium 2002-2003, international drug control is a priority programme of the medium-term plan. The United Nations medium-term plan for drug control is composed of the following subprogrammes:

(a) Subprogramme 1. Coordination and promotion of international drug control;

(b) Subprogramme 2. International drug control monitoring and policy-making;

(c) Subprogramme 3. Demand reduction: prevention and reduction of drug abuse;

(d) Subprogramme 4. Supply reduction: elimination of illicit crops and suppression of illicit drug trafficking.

18. The Fund of UNDCP mainly supports activities under subprogrammes 3 and 4, with the regular budget funding subprogrammes 1 and 2. Activities under subprogramme 3 (demand reduction: prevention and reduction of drug abuse) are presented separately. Since most resources are allocated to subprogramme 4, the activities are presented in two parts: first, supply reduction: elimination of illicit crops; and, secondly, supply reduction: suppression of illicit drug trafficking. In addition, intersectoral activities are identified that transcend a single subprogramme and are presented

under policy support, legislation and advocacy. That presentation is consistent with the sectoral presentation in the biennial programme budget for 2000-2001.

19. The distribution of resources (table 1) shows a planned increase for elimination of illicit crops whose share of the programme budget should go up from 25.5 per cent in 2000-2001 to 28 per cent in 2002-2003 for the reasons already mentioned above. The share of demand reduction will be maintained at 26.7 per cent with relatively small decreases in the shares of the other two sectors. Thus a more balanced programme approach is planned for 2002-2003.

A. General principles

20. At the twentieth special session of the General Assembly, Member States adopted a comprehensive drug control strategy for the next decade; the agreed objective was to substantially reduce the supply of and demand for illicit drugs by the year 2008. The General Assembly approved a Political Declaration (resolution S-20/2, annex) by global consensus, along with a number of action plans. These plans and measures, in conjunction with the international drug control conventions, set the strategic objectives and guidelines to be implemented by UNDCP over the medium term.

21. The continuing task before UNDCP is to ensure that its priorities are in full accordance with the conventions and the mandates emanating from the twentieth special session. A streamlined priority agenda should also help Member States to measure future results against more clearly defined UNDCP programming objectives.

22. The UNDCP priority agenda, detailed below, should be viewed from two different angles. On the one hand, UNDCP priorities can be seen in purely substantive terms, answering the question as to what UNDCP should be doing in the foreseeable future. On the other hand, the same priorities can be viewed from a geographic perspective, illustrating where UNDCP should be targeting its assistance.

23. Satisfactory implementation of priority activities will depend not only on UNDCP itself. Variables not entirely within UNDCP control include the propensity of UNDCP partners at the governmental, intergovernmental and non-governmental levels to cooperate with UNDCP. Consideration should be given to the target groups that UNDCP must reach in order to fulfil its mandates, as well as to the intersectoral linkages between drug control and other development-oriented concerns.

B. Policy support, legislation and advocacy

24. In support of concerted international action against illicit production, trafficking and abuse of drugs, a central tenet of UNDCP strategy is to support Governments in implementing drug control treaties and assist them in developing policies, legislation and advocacy for drug control. UNDCP has initiated programmes for policy assistance and trend analysis, against money-laundering and for the provision of legal assistance to support Member States by increasing knowledge and understanding of the global and multidimensional nature of the drug problem, and by endowing them with the capacity to ensure the legal, institutional and policy support required to solve the problem. UNDCP works closely with the Centre for International Crime Prevention of the Office for Drug Control and Crime Prevention of the Secretariat on issues related to drug-related crime. It is anticipated that those global programmes will continue in 2002-2003. It is also expected that various regional and national initiatives contained in the programme budget for 2000-2001 will continue and be adapted as necessary in 2002-2003 under the sector.

25. The credibility of the State has a powerful influence on the readiness of civil society to abide by the law. Thus, even as UNDCP focuses on drug control policy and legislation, its work relating to good governance and the rule of law depends on institution-building and indeed State-building. Closer ties with organizations and United Nations offices entrusted with the task of helping countries in that area will therefore prove crucial in allowing UNDCP to fulfil its mandate relating to drug control policy and legislation. Inconsistent application of the law or favourable treatment for politically linked offenders can strongly affect public attitudes towards the relevance of drug control laws. Likewise, when drugs disappear while in the possession of the State, when suspects are freed or detained for reasons that have little to do with the merits of the case at hand, the law soon loses its significance as a guidepost for societal activity. It is in

such a light that the rule of law has significance in the context of drug control. Governments themselves should endeavour to strengthen the judicial system, laws and institutions. UNDCP works in tandem with the Centre for International Crime Prevention on those issues, taking advantage of the strengths of the Centre in the relevant normative areas.

26. The illicit drug economy is increasingly correlated with political destabilization in Asia and Latin America. The issue of drug control is linked to peace initiatives, whether in Afghanistan or Colombia. UNDCP, in cooperation with United Nations organizations, the international financial institutions and Governments, needs to address issues related to peace and security in relevant areas, motivated by the fact that in situations of armed conflict, the illicit drug market can develop into an integral part of the local or national economy, adversely affecting both the peace-building process as well as efforts in drug control.

C. Prevention and reduction of drug abuse

27. In line with the measures adopted by the General Assembly at its twentieth special session, UNDCP will significantly increase its activities in demand reduction in support of government action to implement a balanced approach to drug control. The thrust of UNDCP efforts will be twofold. First, UNDCP has implemented a programme to develop a comprehensive assessment of the magnitude of the global problem of drug abuse and to establish needed baseline data for national and international drug control policy-making and programme development. Secondly, UNDCP will provide technical assistance to Governments in meeting the targets, set at the twentieth special session, of establishing and implementing new or enhanced demand reduction strategies and programmes by the year 2003, and achieving significant and measurable results in reducing illicit demand by the year 2008. Assistance will be provided in developing and disseminating effective methodologies to reduce illicit demand for drugs and in implementing appropriate demand reduction programmes adapted to local conditions. Cooperation will be reinforced with the Joint United Nations Programme on HIV/AIDS, the International Labour Organization, the United Nations Educational, Scientific and Cultural Organization and the World Health Organization, with the international financial institutions and with regional bodies, including the Association of South-East Asian Nations (ASEAN), the European Monitoring Centre for Drugs and Drug Addiction, the Inter-American Drug Abuse Control Commission of the Organization of American States, the Economic Community of West African States (ECOWAS), the Organization of African Unity (OAU), the Southern African Development Community (SADC) and the Pompidou Group, among others.

28. UNDCP will enhance its capacity to monitor the global phenomenon of drug abuse. It will provide expert advice and assistance to countries to improve the effectiveness of national data on drug abuse and mechanisms for the collection and analysis of information, including the training of national experts. To facilitate the development and sharing of knowledge in that field, it will convene a conference to review epidemiological developments worldwide. Networks to gather information will be established or improved, linking, as appropriate, Governments, UNDCP and other international organizations, both governmental and non-governmental. Those networks are expected to result in the identification of common training needs and the design and implementation of training programmes for national experts, as well as agreement on common standards for epidemiological research and reporting.

29. Efforts to develop and disseminate effective methodologies (good practice) to reduce illicit demand for drugs will focus on five priority areas: community-wide prevention; prevention in the workplace; prevention among young people; treatment and rehabilitation, with emphasis on community approaches and gender-sensitive interventions; and methods of communication effective in changing attitudes and behaviour.

30. Countries will be assisted in developing strategies, policies and programmes to implement the Declaration on the Guiding Principles of Drug Demand Reduction (resolution S-20/3, annex). Technical advice and assistance will be provided on effective integrated programmes and techniques of prevention, treatment and rehabilitation. Assistance will also be provided to mobilize communities and civil society to promote a society free of drug abuse and to provide alternatives to drug abuse, focusing in particular on investing in

and working with youth. Pilot and demonstration activities will be elaborated, implemented, monitored and evaluated. New initiatives will be undertaken in sub-Saharan Africa to decrease illicit demand in selected countries in line with the priorities identified in the ECOWAS and SADC drug control action plans. Of particular significance will be demand reduction activities undertaken in the context of a programme framework for south-east Asia in cooperation with Governments and regional institutions, including ASEAN and the Asian Development Bank.

D. Elimination of illicit crops

31. At the twentieth special session of the General Assembly, Member States agreed on strategies to eliminate or significantly reduce the illicit cultivation of narcotic crops by the year 2008. To support Governments in that historic endeavour, UNDCP will provide them with the necessary tools to assess and guide the progress of the initiative. To that end, UNDCP will implement an international system to monitor the extent and evolution of the illicit cultivation of narcotic crops worldwide. The system will be based on a global approach, emphasizing transparency and the voluntary participation of the countries concerned.

32. The development of the global monitoring system will take place in active partnership with the countries concerned. To provide a comprehensive and accurate picture, data must be obtained from survey activities carried out in all producing regions, using different methodologies tailored to the characteristics of each area. Rapid assessment and ground, aerial and satellite surveys will be employed as appropriate. Although UNDCP will be at the centre of the data collection network, success will involve a variety of partners, implementation modalities and activities. Cooperation will take place with the European Space Agency and the Office for Outer Space Affairs of the Secretariat in developing the satellite survey components. In support of that initiative, technical assistance will be provided to States to monitor illicit cultivation through appropriate survey methodologies. UNDCP will undertake the development and dissemination of a suitable rapid appraisal survey methodology and a yield assessment methodology.

33. The impact of alternative development interventions and effective strategies, approaches, projects and programmes to eliminate illicit cultivation will be assessed and findings shared among countries. Innovative approaches and best practices and lessons learned in the design, planning and implementation of alternative development programmes will be identified, tailored to local conditions, and disseminated. Experimental and model programmes and projects that could be adapted to different circumstances will be elaborated with a view to eradicating illicit crops through alternative development.

34. The national institutions concerned in the countries most affected will be strengthened, enabling them to elaborate, implement, monitor and evaluate integrated national programmes designed to eliminate illicit crops through alternative development and other modalities. The States concerned will be assisted in securing adequate financial and technical assistance and support for their alternative development programmes, particularly from the international financial institutions, non-governmental organizations, relevant United Nations organizations and the private sector.

35. In south-east Asia, activities will be reinforced under the umbrella of an expanded programme framework for the region in cooperation with regional organizations, including ASEAN and the Asian Development Bank. Assistance will be provided to local communities in Myanmar to reduce opium production to the extent that the prevailing political situation allows. Alternative development activities will continue in the Lao People's Democratic Republic and in Viet Nam.

36. In south-west Asia, Afghanistan is the source of the bulk of illicit production. Subject to political developments in the country, UNDCP will continue to build upon its existing programme—in particular the substantial knowledge base developed on the nature and extent of the illicit cultivation and drug trafficking—through the involvement of UNDCP in the United Nations common drug control programming effort. The pace of expansion will largely be determined by the evolving political situation in that country and the cooperation evidenced by the presumptive authorities.

37. UNDCP will continue to monitor the magnitude of, and trends in, illicit cultivation in the central Asian region. It will assist in developing effective eradication methods, and, where appropriate, addressing illicit

crop production, such as in the Osh region of Kyrgyzstan.

38. In Latin America, UNDCP will act in partnership with the Governments of Bolivia, Colombia and Peru to meet the 2008 target through alternative development and complementary measures, including eradication programmes and law enforcement. Business plans have been drawn up by each of the three countries to ensure success and sustainability of crop elimination, emphasizing participatory approaches for planning and execution of projects, protection of human rights, environmental risk assessment and mobilization of the private sector. The Bolivian plan aims at full elimination of illicit coca by the year 2002. The Colombian and Peruvian plans aim at reductions in excess of 60 per cent by 2003 and total elimination by 2008. UNDCP will assist the three countries in raising the funds necessary to fully implement their business plans. It will also provide assistance to ensure the application of technical and programme innovations and effective project development and implementation, linking national, regional and global efforts. UNDCP participation will centre on some 18 projects. Projects will promote agro-industries with proven markets, cash and food crops, wood pulp, timber and livestock, accompanied by the necessary training to modernize existing producers' associations, improve production and marketing, and ensure environmental protection. UNDCP inputs will be delivered in the context of wider developmental initiatives carried out by other entities aimed at strengthening community organizations, providing social and economic infrastructure, implementing reform in the system of land ownership, developing rural financial systems and supporting farm loans.

E. Suppression of illicit drug trafficking

39. UNDCP assistance to Governments in suppressing illicit drug trafficking has two main thrusts. First, assistance will be provided to strengthen national institutions. States will be assisted also in adopting and implementing harmonized laws and regulations to effectively prosecute drug traffickers and prevent financial systems from being used to launder illicit proceeds. Secondly, UNDCP will continue to promote and support practical intercountry cooperation—at the subregional and regional levels—to interdict the flow of illicit drugs and precursors and to dismantle drug-trafficking organizations. UNDCP assistance will mainly target those areas used to traffic opiates from the major producing areas in Afghanistan and south-east Asia, in particular Myanmar, and cocaine from the Andean region. Of particular importance will be supporting and enhancing cooperation arrangements in eastern Europe and in south-east Asia, as well as in south-west and central Asia and Latin America.

40. In central and eastern Europe, action will be based on a strategic programme framework formulated in partnership with Governments of the region and relevant institutions of the European Union. The programme will emphasize harmonized approaches and enhanced capacities to investigate drug trafficking and money-laundering.

41. In sub-Saharan Africa, west and southern Africa will receive increased attention. Assistance in drug law enforcement will emphasize helping the countries in west Africa to tackle heroin and cocaine traffic. In southern Africa, emphasis will be placed on strengthening law enforcement at the national and subregional levels in close cooperation with OAU and SADC.

42. The geographical location of the central Asian States and the ongoing transition make the region vulnerable to drug trafficking and abuse. Indeed, the incidence of trafficking in illicit drugs from Afghanistan through the central Asian States to destinations in western Europe has risen significantly in recent years. Accordingly, UNDCP has launched seven national and subregional projects intended to reduce drug smuggling into central Asian States from Afghanistan, and is further elaborating projects to strengthen the capacities of drug law enforcement agencies in data and information collection, as well as by means of promotion of controlled delivery. It is planned to continue those initiatives in 2002-2003, in order to strengthen the security belt around Afghanistan.

43. In the Islamic Republic of Iran, within the framework of the comprehensive drug control programme for the country, a combined unified strategy aims at increasing the capability of the Iranian law enforcement authorities in charge of operations against drug trafficking to intercept and seize illicit consignments of narcotic drugs transiting the country. It is

anticipated that those initiatives will continue in 2002-2003.

44. In south Asia, subregional cooperation and national action will be enhanced to tackle drugs trafficked from producing areas in south-west and south-east Asia. Emphasis will also be placed on stemming the flow of precursor chemicals and identifying and seizing illicit proceeds. National and subregional information-gathering and analysis capabilities will be strengthened.

45. In south-east Asia, cooperation will be reinforced through the implementation of activities under an expanded programme framework for the region, working in concert with regional organizations, including ASEAN and the Asian Development Bank. UNDCP will continue to work to improve cross-border cooperation to stem the flow of drugs, in particular illicit opiates from Myanmar. Support will continue to be provided to seize precursors and illicitly trafficked amphetamine-type stimulants and to disrupt drug-trafficking networks.

46. In the region of Latin America and the Caribbean, law enforcement assistance will aim at strengthening collaboration among drug control agencies through joint training and exchange of information and expertise. Modernizing precursor control legislation and capacities will remain key priorities.

VIII. Programme support

47. The outline allocation for programme support amounts to $30,854,600, reflecting an increase of $321,100, or 1.1 per cent. In real terms, that represents a volume decrease of 2.9 per cent, with a cost increase of 4 per cent. Programme support includes the UNDCP field offices and support at headquarters, as well as programme support provided to executing agencies. The small volume decrease is to be achieved from a further streamlining of the support infrastructure by cost control and efficiencies in operating expenses wherever feasible. The required infrastructure within UNDCP to support an increase in programme implementation during 2002-2003 already exists, as outlined in the revised biennial support budget for 2000-2001 (E/CN.7/2001/9).

48. For 2000-2001, the UNDCP field office structure includes 12 regional and 9 country offices. It is anticipated that adjustments will be introduced in line with the specific drug control situation in the area, the magnitude of UNDCP funding and the need to support adherence to the international drug control treaties. Decentralization of operational activities, together with the delegation of decision-making to the field, will continue to receive priority. Moreover, UNDCP will continue to provide expert advice in drug control to Governments directly through its experts in field offices. In particular, UNDCP will promote the incorporation of a drug dimension into larger integrated rural development programmes, working closely with Governments, other United Nations entities and the international financial institutions. Where applicable, opportunities for establishing joint support offices for UNDCP and the Centre for International Crime Prevention will be utilized. Programme support at UNDCP headquarters supports a decentralized field network, with headquarters maintaining overall policy control and managerial oversight.

IX. Administration and management

49. The outline allocation for administration and management amounts to $8,650,000 and reflects a decrease of $109,200, or 1.2 per cent. In real terms, that represents a volume decrease of 6.2 per cent, with a cost increase of 5 per cent. The small volume decrease is to be achieved from a further streamlining by cost control and efficiencies in operating expenses wherever feasible. The potential for increasing efficiencies in administrative procedures will be further elaborated jointly with the Division of Administrative and Common Services of the United Nations Office at Vienna.

Annex I

Supplementary tables

Table A.1
Programme support costs, 2002-2003
(Thousands of United States dollars)

	Programme			*Programme support cost*									
				Agency				*UNDCP*				*Total*	
Item	*General-purpose*	*Special-purpose*	*Total*	*General-purpose*	*Special-purpose*	*Total*	*%*	*General-purpose*	*Special-purpose*	*Total*	*%*	*Amount*	*%*
A. UNDCP implementation	8 777.6	62 954.9	71 732.5	43.5	509.8	553.3	0.8	1 044.5	7 507.0	8 551.5	11.9	9 104.8	12.7
B. Agency implementation													
United Nations entities	4 146.8	18 061.3	22 208.1	291.0	1 374.6	1 665.6	7.5	351.8	869.7	1 221.4	5.5	2 887.1	13.0
Specialized agencies	291.5	13 946.0	14 237.5	38.0	1 416.5	1 454.5	10.2	-	395.0	395.0	2.8	1 849.5	13.0
Intergovernmental organizations	4.3	3 933.8	3 938.0	-	114.6	114.6	2.9	0.6	284.4	285.0	7.2	399.6	10.1
Non-governmental organizations	253.0	1 148.5	1 401.4	4.4	70.3	74.7	5.3	28.5	79.0	107.5	7.7	182.1	13.0
Total, B	**4 695.5**	**37 089.6**	**41 785.1**	**333.4**	**2 976.0**	**3 309.4**	**7.9**	**380.8**	**1 628.1**	**2 008.9**	**4.8**	**5 318.3**	**12.7**
C. National implementation	2 026.9	42 205.5	44 232.4	58.1	341.2	399.3	0.9	38.4	1 153.7	1 192.1	2.7	1 591.5	3.6
Total, A, B and C	**15 500.0**	**142 250.0**	**157 750.0**	**435.0**	**3 827.1**	**4 262.1**	**2.7**	**1 463.7**	**10 288.8**	**11 752.5**	**7.5**	**16 014.6**	**10.2**

Table A.2
Fund of UNDCP and regular budget, 1992-2003
(Millions of United States dollars)

Item	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2003*
Fund of UNDCP	66.9	70.4	73.2	64.1	53.2	51.1	55.1	80.0	82.6	75.3	77.7	88.1
Regular budget	6.6	6.8	7.3	7.5	7.2	8.2	6.9	7.5	7.5	7.9	8.0	8.0
Total	**73.5**	**77.2**	**80.5**	**71.6**	**60.4**	**59.3**	**62.0**	**87.5**	**90.1**	**83.2**	**85.7**	**96.1**

Figure A.I
Fund of UNDCP and regular budget, 1992-2003

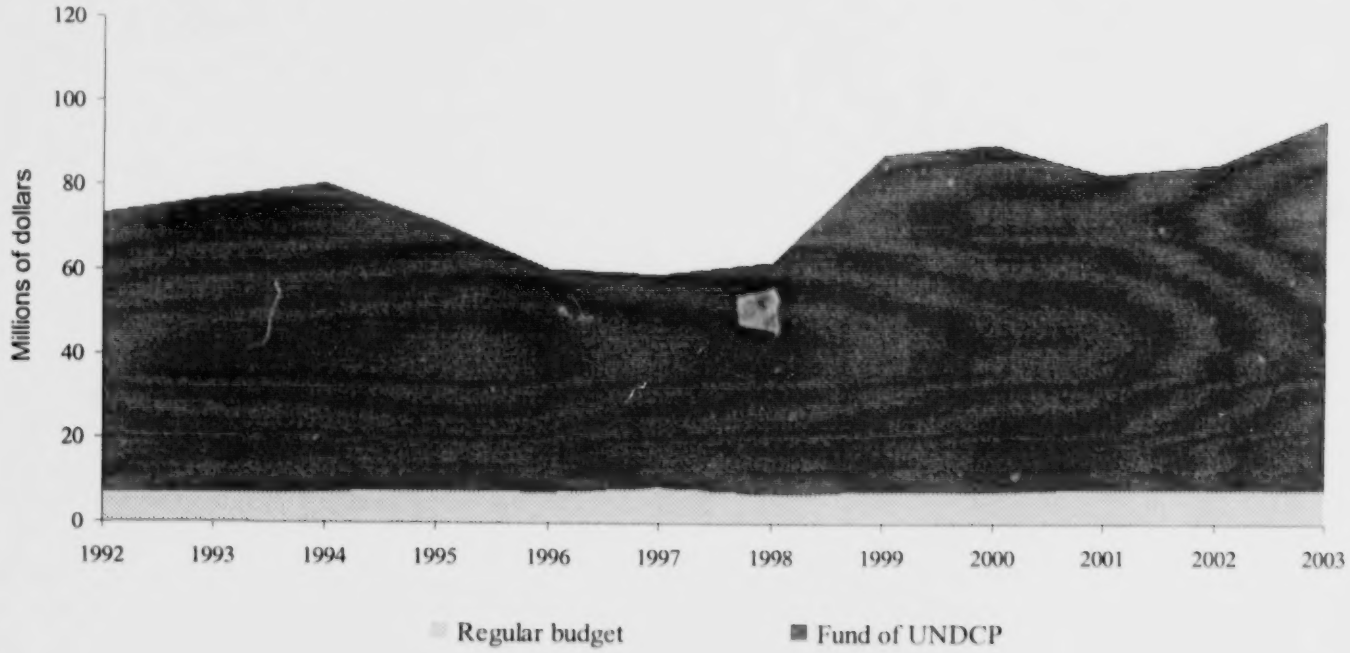


Table A.3
Fund of UNDCP: income, expenditure and fund balance, 1992-2003
(Millions of United States dollars)

Item	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2003*
Income[a]												
Special purpose	52.3	35.8	44.1	49.1	31.3	34.8	53.2	55.1	57.5	56.4	58.3	60.8
General purpose	20.2	34.3	19.0	18.3	19.7	17.2	17.1	16.5	15.7	14.6	16.5	17.0
Total	**72.5**	**70.1**	**63.1**	**67.4**	**51.0**	**52.0**	**70.3**	**71.6**	**73.2**	**71.0**	**74.8**	**77.8**
Expenditure[b]	66.9	70.4	73.2	64.1	53.2	51.1	55.1	80.0	82.6	75.3	77.7	88.1
Fund balance	68.9	68.6	58.5	61.8	59.6	60.5	75.7	67.3	57.9	53.6	50.7	40.4

[a]Adjusted for refunds to donors.

[b]Including adjustments for prior-year expenditures/obligations and provisions for unspent allocations.

Figure A.II
Fund of UNDCP: income, expenditure and fund balance, 1992-2003

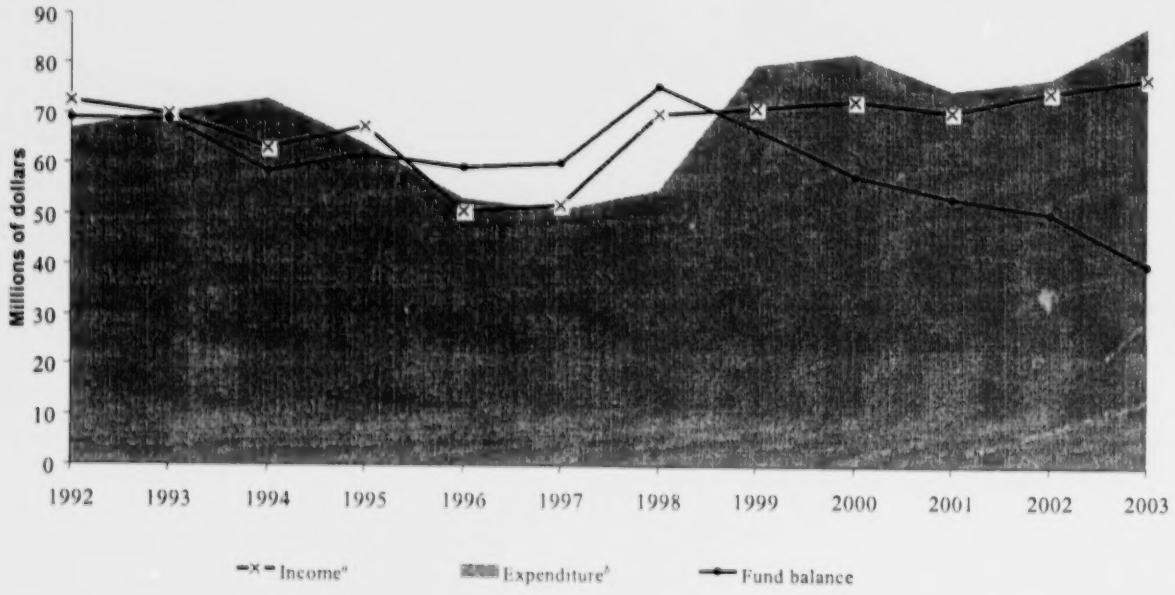


Table A.4
Fund of UNDCP: programme, programme support and management and administration, 1992-2003
(Millions of United States dollars)

Item	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2003*
Programme	54.6	55.9	56.1	48.8	35.4	34.7	38.0	59.3	62.1	56.5	58.0	68.4
Support	9.5	11.5	13.7	11.9	14.1	12.3	12.8	16.2	16.1	14.4	15.4	15.4
Management and administration	2.8	3.0	3.4	3.4	3.7	4.1	4.3	4.5	4.4	4.4	4.3	4.3
Total	**66.9**	**70.4**	**73.2**	**64.1**	**53.2**	**51.1**	**55.1**	**80.0**	**82.6**	**75.3**	**77.7**	**88.1**

Figure A.III
Fund of UNDCP: programme, programme support and management and administration, 1992-2003

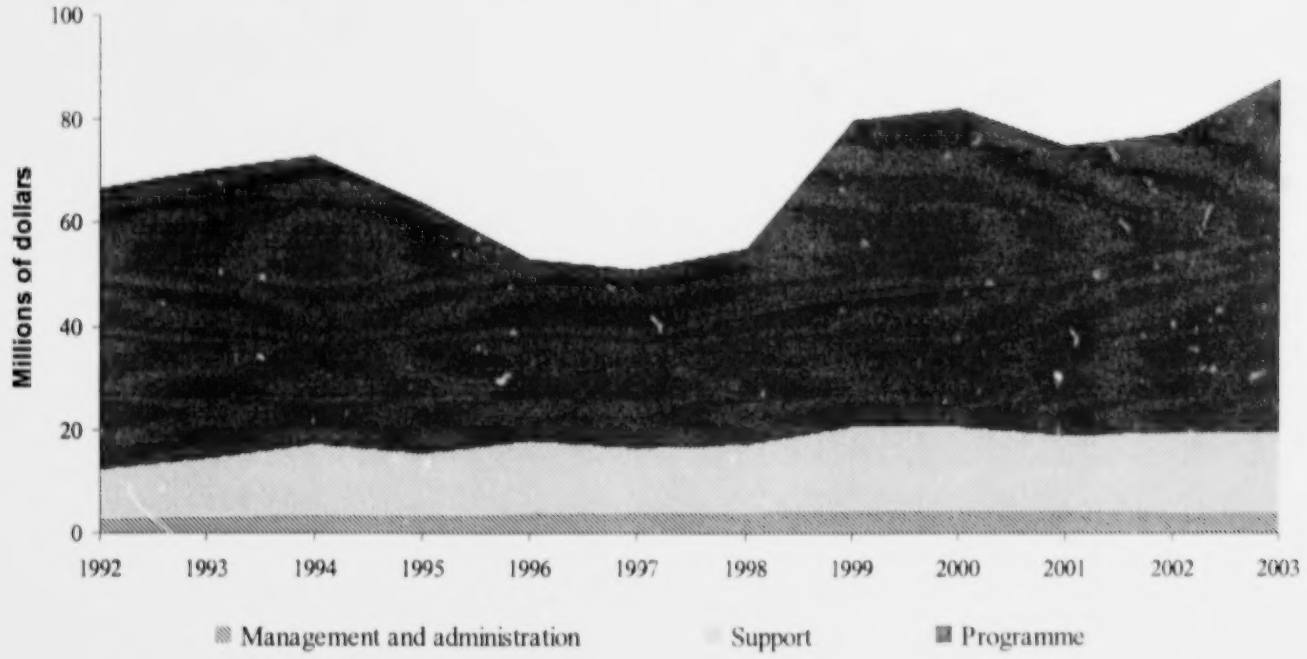
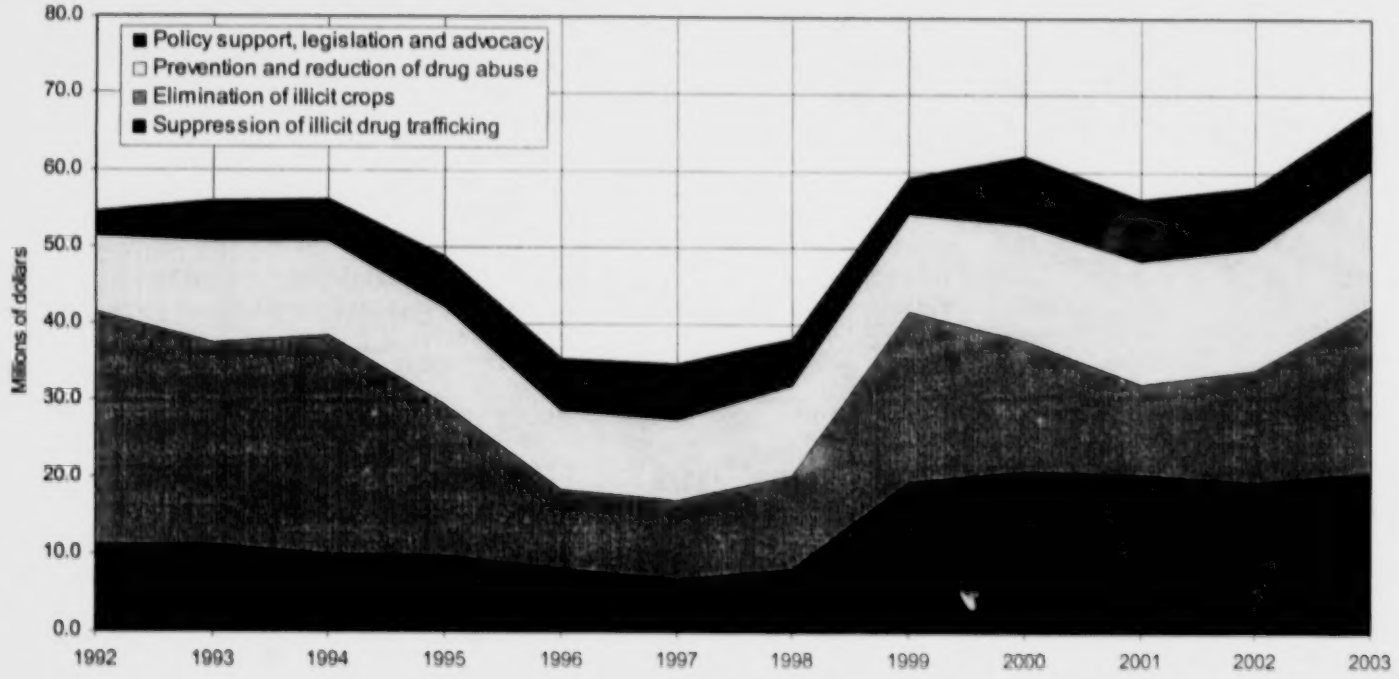


Table A.5
Fund of UNDCP: programme expenditure by sector, 1992-2003
(Millions of United States dollars)

Sector	*1992*	*1993*	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2003*
Policy support, legislation and advocacy	3.3	5.4	5.6	6.8	6.7	7.2	6.1	5.0	9.2	8.2	8.0	7.9
Prevention and reduction of drug abuse	10.0	13.2	12.2	12.7	10.3	10.4	11.6	12.8	15.2	16.2	16.0	18.0
Elimination of illicit crops	30.0	26.1	28.3	19.4	10.3	10.3	12.2	21.8	16.6	11.6	14.5	21.4
Suppression of illicit drug trafficking	11.3	11.2	10.0	9.9	8.1	6.8	8.1	19.7	21.1	20.5	19.5	21.1
Total	**54.6**	**55.9**	**56.1**	**48.8**	**35.4**	**34.7**	**38.0**	**59.3**	**62.1**	**56.5**	**58.0**	**68.4**

Figure A.IV
Fund of UNDCP: programme expenditure by sector, 1992-2003



Annex II

Outline presentation

1. The proposed outline for 2002-2003 for the Fund of UNDCP provides an indication of anticipated resources and priorities for the biennium following the current budget period. The outline includes a detailed financial presentation to determine the availability of funding. Within that scenario, priorities are established. The outline therefore is not a budget, but provides the framework according to which detailed budget estimates will be subsequently elaborated.

2. The financial presentation includes a detailed assessment of the anticipated income situation. In arriving at the estimates for 2002-2003, specific attention has been paid to the recent history of contributions for each donor in terms of size, regularity of payment and existing financing agreements. In addition, the estimates reflect the indications received from potential donors on the level of resources that they intend to contribute. Many donors, however, are not in a position to provide any financial commitment, particularly for multi-year purposes, prior to the end of their own budgetary exercise for each fiscal year. Added to that constraint is the diversity of sources of voluntary contributions, which very often encompass funding from different ministerial departments and offices, including foreign affairs, overseas development aid, health, social welfare and the ministry of the interior.

3. In order to provide for transparency in the outline and the budget and to facilitate the subsequent budgeting process, the general concepts utilized for the budget format are also reflected in the outline. It is recalled that the biennial budget for the Fund of UNDCP contains two parts: the biennial programme budget, based on an integrated programming approach; and the biennial support budget, following the harmonized model developed by the United Nations Development Programme, the United Nations Children's Fund and the United Nations Population Fund. The biennial support budget distinguishes further between support activities and administration and management. According to the biennial budget model, the outline therefore distinguishes between the following three main parts: programme activities, support activities and administration and management.

4. The outline is compared with the proposed revised budget for 2000-2001 to indicate major financial and programme changes. To enhance the transparency of the comparison, a number of calculations are applied. Essentially, the changes between the outline for 2002-2003 and the revised budget for 2000-2001 are further analysed by introducing a distinction between cost changes and volume changes. Cost changes include adjustments for standard cost variations, such as inflation and exchange rate movements. Such adjustments do not impact on the level of activities. The financial implications are estimates for maintaining the current level of activity during a future period. Any further changes that are possible or required within the anticipated financial resources constitute volume adjustments in the level of activities. Within the given financial scenario, increases or decreases in activities might be required. The distinction between cost changes and volume changes therefore provides the necessary transparency to indicate how the level of actual activities—not only nominal resource allocations—is anticipated to change.

5. In order to provide for a direct comparison, the volume adjustments for the outline for 2002-2003 are expressed at the rates and standard cost applicable for the proposed revised budget 2000-2001. Such rates and standard costs include information on exchange rates, inflation rates, standard salary costs, common staff costs and vacancy rates. For calculating cost changes, up-to-date rates and standard costs are subsequently applied. Whereas the outline of UNDCP is expressed in United Sates dollars, a large share of the expenditures are incurred in other currencies. Exchange rate and inflation rate movements between such currencies and the dollar can therefore have a sizeable impact on the calculation of the cost adjustment. For exchange rate fluctuations, the cost adjustments update previous assumptions on the basis of actual monthly operational rates in the country of operation. Projections until the end of the outline period are based on the latest available monthly rate and no attempt is made to forecast the movement of currencies vis-à-vis the United States dollar. For inflation, previous assumptions are updated on the basis of the actual monthly consumer price indices prevailing in the country of

operation. Projections are based on an average of the past 12 months adjusted for any recent known trends. Revisions to standard salary costs, common staff costs and vacancy rates are based on experience by category and level for the Vienna duty station and each of the four regions of operation. Projections are based on the latest monthly information, available from 21 countries that represent the main areas of UNDCP operations, and standard salary costs used for the regular budget of the United Nations, including standard salary cost version 07/2000 for the biennium 2000-2001.